

ASSEMBLY, No. 5879

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JUNE 14, 2021

Sponsored by:

Assemblyman ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

Co-Sponsored by:

Assemblyman Freiman, Assemblywomen Murphy and Jasey

SYNOPSIS

Appropriates \$20 million for HMFA to grant loans to developers of certain affordable housing projects.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/21/2021)

1 A SUPPLEMENT to the Fiscal Year 2021 appropriations act,
2 P.L.2020, c.97.

3

4 BE IT ENACTED by the Senate and the General Assembly of the
5 State of New Jersey:

6

7 1. In addition to the amounts appropriated under P.L.2020, c.97,
8 the annual appropriations act for the Fiscal Year ending June 30,
9 2021, there is appropriated out of the General Fund the following
10 sum for the purpose specified:
11

22 DEPARTMENT OF COMMUNITY AFFAIRS

40 Community Development and Environmental Management

41 Community Development Management

GRANTS-IN-AID

02-8020	Housing Services	\$20,000,000
	Total Grants-in-Aid Appropriation, Community Development Management	<u>\$20,000,000</u>

Grants-in-Aid:

02 Low Income Housing Tax Credit Project
Financing Gap Loans (\$20,000,000)

12

13 The amount hereinabove appropriated for Low Income Housing
14 Tax Credit Project Financing Gap Loans shall be allocated to the
15 New Jersey Housing Mortgage Finance Agency (HMFA) for the
16 purposes of providing loans to developers of projects previously
17 awarded tax credits pursuant to the federal Low Income Housing
18 Tax Credit Program and which now face project financing gaps
19 due to increased cost of building materials as a result of the
20 COVID-19 pandemic. Developers seeking a Low Income
21 Housing Tax Credit Project Financing Gap Loan shall file an
22 application on a form prescribed by the Executive Director of the
23 HMFA, which application shall set forth the minimum criteria
24 that must be met in order for an application to be considered by
25 the Executive Director of the HMFA for a determination of
26 eligibility. The application shall, at a minimum, include an
27 updated cost estimate for the project and permit the Executive
28 Director of the HMFA to confirm the existence of a project
29 financing gap. The Executive Director of the HMFA shall
30 determine whether a developer meets the minimum criteria for a
31 Low Income Housing Tax Credit Project Financing Gap Loan
32 and, if so, the amount of the loan award.
33

34 2. This act shall take effect immediately.

STATEMENT

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3 This bill appropriates \$20 million to grant loans to developers of
4 certain affordable housing projects which qualified for a credit
5 award through the federal Low Income Housing Tax Credit
6 Program (LIHTC). New Jersey's LIHTC allocation is administered
7 by the Housing and Mortgage Finance Agency (HMFA). The bill
8 also includes a language provision requiring the Executive Director
9 of the HMFA to establish an application process and criteria for
10 determining whether a developer is eligible for a project financing
11 gap loan.
12 Due to the economic effects of the COVID-19 pandemic, the cost
13 of building materials increased substantially, leaving many
14 affordable housing projects with project financing gaps.
15 This bill seeks to diminish the financing gap by providing
16 funding to the HMFA to grant loans to projects awarded tax credits
17 pursuant to the federal Low Income Housing Tax Credit program
18 (LIHTC) if the project developer can demonstrate that the
19 developer's project financing gap was caused by the increased cost
20 of building materials.